

**Gary Muentener - HB 4361 Tax Testimony**

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**From:** <eoliansky@aol.com>  
**To:** <gmuentener@house.mi.gov>  
**Date:** 4/25/2011 7:34 PM  
**Subject:** HB 4361 Tax Testimony

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Thanks for calling me back today. Below is the letter I have written regarding my concerns about HB 4361. I would appreciate your help in distributing my note below to all members of the Tax Policy Committee.

If you need to contact me, please call me at 734-748-2329. Thank you.

Estelle Oliansky



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 Re: HB 4361 – Section Titled Personal Income Tax Changes- Eliminate Pension Exemption

I believe that the way to fix Michigan's budget crisis is to cut government spending by 5% across the board, consolidating services and adopting the practice of not spending money you don't have.

That being said, I will focus my concerns on taxing pensions; specifically the newest proposal about taxing pensions by age group. First, everyone currently receiving a pension should be taxed or exempt from tax as a group, not by age. Removing or adding exemptions based on age creates special, privileged groups. Many citizens on a **fixed income** struggle to keep up with the rising costs of medical care, drugs, food, housing, etc., regardless of their age. We should not be balancing the budget on the backs of people with a **fixed income**. It's one thing for government departments to have less funding, but it is unfair for a particular group to have a tax increase.

I am 55 years old, and am part of the group proposed to be excluded for any pension tax exemption (reserve age discrimination). I have already sacrificed a great deal of income by accepting a special early retirement, however, I did so because my financial security was being threatened. I was a salaried Chrysler Development System Specialist at the time of my retirement almost two years ago, and I have sacrificed more the \$350,000 of income (the difference between my former salary if I had worked until age 62 and my current pension). Further, if I had been able to keep my job until age 62, my pension together with anticipated social security would have been more than \$24,000 a year higher than the amount I currently receive. I view these losses as a large sacrifice. My pension is a fixed amount until the day I die; I will never see a cost of living increase, only changes that make my retirement benefits less valuable and a decrease in the amount of my pension. At age 62 years 1 month, my pension will decrease by the amount of anticipated social security income, regardless of whether social security benefits begin. Chrysler's salaried retiree health insurance has a 70/30 split, which is a lot more money out of pocket than a 90/10 split.

To make matters worse, there are no comparable jobs to replace the one I lost. The "best" job I was able to find in the last two years is a part-time position that pays \$12.50 an hour, which gives me a

take-home pay of \$9.70 an hour after taxes. (My dog sitter gets \$15 per visit to let my dogs out so that I can work.) I will have to work six weeks every year just to pay the tax if my pension exemption is eliminated. **To me this is a tax increase and a big sacrifice.** How long will it take for more jobs to be created in Michigan, and will these employers really want to hire people in their mid to late 50's? I doubt it. I can't even go back to Chrysler as a contract worker. I get calls from contract houses on a regular basis, but in Engineering, which is the group I worked in, there is a policy which prohibits anyone who accepted a special early retirement from returning through a contract agency.

Another consideration is that according to my company, my current pension consists of two parts; my pension and a supplement in the amount of my anticipated social security benefit at age 62. At age 62, my pension will decrease significantly. Until then, however, under Governor Snyder's proposal, I will be taxed on my entire payment. **This is equivalent to taxing my social security.**

Pensioners will have even less money to spend when you consider the loss of non-replaceable income that the proposed tax creates. Even though businesses will pay less tax, their customers will have less money to spend on their goods and services.

Pensions, for most workers, are a thing of the past. When the current pensioners die and there are only a few pensions left to tax, what new tax burden will be put on the Michigan residents to replace this revenue?

I urge you to vote against this budget proposal.

If anyone wishes to discuss this matter further, please contact me at 734 748-2329. Also, I would be happy to forward my resume to anyone who may have leads on a full-time position.

Respectfully,

Estelle Oliansky